Canada: Solid Waste Disposal Equipment

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Summary

Canada has a stable and strong solid waste disposal industry, which is projected to continue steady growth despite the current recession. Canada's population growth rate is higher than that in most industrialized countries. The population growth is concentrated in areas with considerable environmental stresses and therefore puts upward pressure on the demand for solid waste disposal products.

Construction of new landfills and incinerators is progressing as needed and there will be a continued demand in Canada for quality dumpers, incinerators, compactors, and other related products. However, in the recent years, there is a strong push from all levels of government to increase waste diversion rates. Diversion rates in a 2006 report by StatsCan were tallied with a national average of 23 percent, representing as much as a 30 percent increase over 2004 levels depending on sector.

Natural Resources Canada recognizes that there are significant gaps and inefficiencies in Canadian recycling, including e-waste, some plastics, metal recovery, and composites. These gaps present a wealth of opportunities for American technology and service providers to help fulfill the goal of Canada to increase diversion rates.

Market Demand

The Canadian solid waste disposal industry is in many ways immune to economic conditions. In 2006 Canadians produced a total of 40 million tons of waste, with a general yearly increase of 8 percent from 2004. Among the provinces, the solid waste production of Alberta and Manitoba experienced the highest growth rates of 24.1 percent and 10.4 percent respectively (See Table I).

Table I: Solid Waste Production in Canada

Territory	*Percent Change 2004-2006*
Canada	8
Newfoundland and Labrador	1.9
Prince Edward Island	-12.6
Nova Scotia	0.4
New Brunswick	1.8
Quebec	5.5
Ontario	6.4
Manitoba	10.4
Saskatchewan	4.9
Alberta	24.1
British Columbia	5.4
Yukon, Northwest Territories and Nunavut	8.0

Demand for waste disposal equipment and services have remained steady over the last ten years. While there is continued construction of new landfills and incinerators, recycling is becoming a more popular method of dealing with solid waste. Provinces and municipalities are all pushing to increase diversion of non-residential waste. Currently, provincial and municipal governments offer subsidies for companies which recycle materials that would otherwise be prohibitively expensive.

Two-thirds of the increase in waste generation in the past few years was offset by increased recycling, while the other third was disposed of in landfills and incinerators. Between 2004 and 2006, products demanded for recycling increased 11 percent for residential sources and 7 percent from non-residential sources. Households across the country sent nearly 3.6 million tonnes of materials for recycling in 2006, an increase of 65 percent compared to 2000. While on the rise overall, recycling varies quite widely from province to province. Ontario and Quebec recycle the largest quantities of materials, but the amounts of material recycled per person and the recycling rates are higher in Nova Scotia and British Columbia.

All areas of Canada are well-served by waste disposal equipment, as such, much of the demand comes from aftermarket parts, replacement products, and bins. In rural Canada, municipalities and companies purchase per capita more disposal equipment than in urban areas due to geographical isolation and distance. Due to costs, they purchase far less recycling equipment. In contrast, urban areas have seen increased recycling initiatives in recent years, which have driven demand for additional dumpers, bins, and compactors to handle several waste streams. While each regional district operates a unique recycling regime, initiatives are in place to increase diversion of potentially hazardous consumer waste including paint, and batteries. E-waste is of particular note as it now constitutes seventy thousand tons of Canadian waste per annum.

Although new landfills, waste-to-energy plants, and incinerators are slated to be built in Canada in the future, many Provincial governments heavily favor recycling and composting initiatives and have been reluctant to issue permits and approvals for new facilities due to concerns of leachate and air contamination. Provincial governments are also pursuing strategies to extend the life of existing infrastructure.

Market Data

In 2008, Canada imported over USD $300 million worth of solid waste disposal equipment, including incinerators, compactors, and filters. Solid waste disposal equipment manufactured in the US has consistently held the largest proportion of the Canadian import market share. In 2008, US exports totaled USD $204 million, representing over 60 percent of the Canadian import market. As of 2008, products from Thailand, Germany, Italy, and China are the closest rivals to US goods. (See Table III and IV)

Industry experts believe US waste disposal equipment will continue to find good prospects as Canada has very little domestic production (see Table IV), and therefore relies on US imports to meet the needs of end-users. US products are viewed favorably and service providers generally prefer US product over imports from China.

The close proximity of the US to Canada allows for easy movement of goods and market integration. Ontario is the top provincial destination for US and represents 61 percent of the United States total exports to Canada in this product segment. The next top two provincial destinations are Quebec (21 percent) and British Columbia (8 percent).

Import, export, and local production figures are based on estimates provided by industry sources and statistics published by Industry Canada and Statistics Canada. The following products, identified with the Harmonized System (HS Codes), are included in this analysis:

Table II: Solid Waste Disposal Equipment

HS Code	*Description*
8417.80	Non-Electric furnaces and ovens – other industrial or laboratory NES (including incinerators)
8417.90	Parts of non-electronic industrial or laboratory furnaces and ovens (including incinerators)
8421.29	Filtering or purifying machinery and apparatus for liquids NES
8479.82	Mixing, kneading, crushing, grinding, screening, sifting, homogenizing, emulsifying machines, NES
8479.89.30	Trash compactors
8479.89.31	Industrial solid waste compactors; Waste or refuse compactors, electrically powered, utilized on aircraft, trains, ships or buses, capable of crushing bottles and other in-transit waste
8509.30	Domestic kitchen waste disposers (With self-contained electric motor)

Table III: Import and Export Statistical Data

	2006 in Millions $	*2007 in Millions $*	*2008 in Millions $*	*2009 Estimate*
Total Imports	232.6	249.7	327.2	390.0
Total Exports	225.2	301.6	330.9	403.1
US Imports	162.1	182.2	203.8	228.5
US Market Share	69.7%	73.0%	62.3%	59.0%
Local Production	1.9	0.7	0.6	0.4
Inflation Rate	2.0%	2.0%	2.0%	N/A
Exchange Rate	0.847	0.847	1.100	N/A

Table IV: Origin of Imports

Market Share (%)	*2006*	*2007*	*2008*
US	69.7	72.3	62.2
Thailand	0.1	0.0	13.7
Germany	6.1	5.7	5.4
Italy	5.8	2.4	5.4
China	3.0	3.0	2.8
Others	15.3	16.6	10.5

Best Prospects

By far the best prospect for US manufacturers is the recycling sector. Natural Resources Canada and Statistics Canada have both released reports and figures showing that there are technological and service gaps in Canadian recycling, and have expressed a desire to close them. These technological and service gaps provide opportunities for US companies interested in the waste disposal market. To this end, depending on the application, various levels of governments have implemented measures such as subsidies to promote recycling. Industry experts agree that there are many areas where a dynamic company or one with technological prowess could find excellent prospects.

While underserviced sectors vary by place, some noteworthy sectors include e-waste, nickel, Styrofoam, some types of plastics, tar-based consumer products such as shingles, and composite materials. In rural areas where recycling networks are more scanty, equipment which can handle beverage containers, aluminum, ferrous metals, and rubber are good prospects. For more information on physical and industry sectors that are currently under-served, please refer to Natural Resources Canada at www.nrcan-rncan.gc.ca

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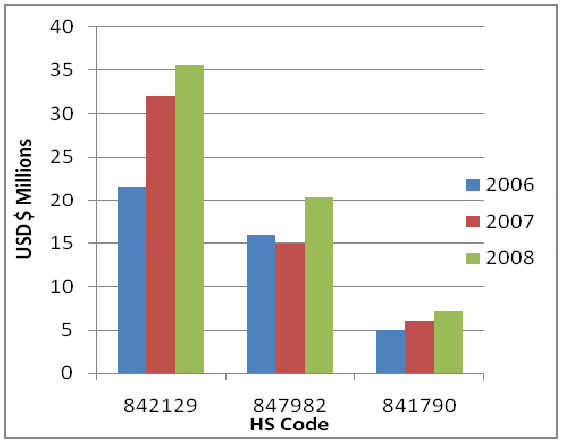
Industry experts have noted that the Canadian market is already well-supplied by dumpers. However, US manufacturers of dumper add-ons, such as built-in compactors and automated lift arms may still find good prospects as end-users have expressed interest in trip and time-saving add-on devices to cut down on trips and increase efficiency.

The following table and figure display several solid waste disposal machineries that have enjoyed rapid growths in the past three years.

Table V: Best Prospects

HS Code	*Description*
8421.29	Filtering or purifying machinery and apparatus for liquids NES
8479.82	Mixing, kneading, crushing, grinding, screening, sifting, homogenizing, emulsifying machines, NES
8417.90	Parts of non-electronic industrial or laboratory furnaces and ovens (including incinerators)



Key Suppliers

The current solid waste disposal industry is highly diversified. Key brands for dumper bodies include Peterbilt, LaBrie, and Volvo, while dumper chassis by Heil, Mack, Autocar, and Wittke. Heavy tractor and dumper brands represented including Hitachi, Caterpillar, and Komatsu.

AtSource, Harmony, and Excel are suppliers of compactors and balers. Caterpillar supplies landfill compactors. Gensco Equipment is a major supplier of compactors and recycling equipment which handles metal scrap. RotoGran manufactures scrap handling systems and granulators. Andela supplies glass and gypsum recycling systems.

Large bins and containers are supplied by WasteQuip and Accurate. Residential and office containers are produced by Rubbermaid, Norseman and Schafer.

Prospective Buyers

In Canada, many large cities, including Vancouver, Toronto, and Montreal handle residential waste collection. Residential recycling is also handled either by municipalities or private companies. Landfills and incinerators are often operated by regional districts, such as Metro Vancouver, or provincially, but in some areas such facilities are managed by private operators.

The following is a list of selected private waste disposal companies. For a comprehensive list of distributors and prospective buyers, please contact US Commercial Service.

BFI Canada (www.bficanada.com): Based in Toronto, Ontario, BFI Canada is a major waste disposal corporation with a presence in all major urban areas of Canada. They haul all types of waste, including recycling.

Waste Management Canada (www.wmcanada.com): Based in Burlington, ON, WM Canada is a national waste disposal company with a large fleet of dumpers and bins.

AtSource Recycling Corp (www.atsource.ca): Based in Coquitlam, BC, AtSource is a national supplier of compactors, balers, and recycling equipment across Canada.

GM Pearson (no website): Based in Edmonton, Alberta, GM Pearson is one of the oldest Canadian waste management companies providing waste management services to parts of British Columbia, Alberta and Saskatchewan with a main processing plant in Wainwright, Alberta.

GEEP Global (www.geepinc.com): Based in Barrie, ON, GEEP handles recycling in Ontario, Alberta, and abroad.

Waste Services, Inc. (www.wsii.ca): Based in Burlington, ON, Waste Services is a solid waste services company, providing collection, transfer, landfill disposal and recycling services for commercial, industrial and residential customers across Canada.

Ecotainer (www.ecotainer.ca): Based in Surrey, BC, Ecotainer is a major distributor of recycling equipment and containers.

Market Entry

Direct sales to end-users and sales through local distributors are two conventional distribution channels that prevail in the Canadian solid waste disposal industry. Because of the size of waste disposal machineries, most major companies such as BFI Canada and AtSource Recycling Systems purchase the bulk of their equipment directly from the manufacturer. On the other hand, distributors can provide insights and guidance into the markets as they should be well aware of the purchasing process, product demand, tendering process, and governmental regulations. Since this segment of the Canadian market is import-dependent, the distributor should also be able to provide guidance to the import and customs procedures. Large private companies such as BFI Canada, GEEP Global, and AtSource purchase or maintain waste disposal and recycling equipment on a monthly basis. Smaller companies tend to acquire these items on an annual basis through contracts.

The Canadian Standards Association sets the standards for components used in solid waste disposal equipment. Environment Canada, in tandem with the provincial governments set the standards and regulations for solid waste disposal equipment and offer guidelines which would be of interest to US supplies interested in penetrating the Canadian marketplace. Provincial governments handle licensing and approvals for landfills and incinerators, and each province has a different tendering and consultation process. It is thus advisable to consult that province's Ministry of Environment directly.

Canada does not have a comprehensive national list of distributors/manufacturers for the entire country, but resources exist for industry sectors. The Powersourcing website database and Frasers are excellent sources for finding suppliers or business partners sorted by product and industry, as is the Canadian Association of Recycling Industries website. For direct sales to federal government agencies, purchase of equipment is handled through a procurement bidding agency such as MERX.

Nationally the Canadian Association of Recycling Industries is an excellent resource. Valuable links and information to be found on each province's Environment Industry Association as found in the Resources section below.

Market Issues & Obstacles

There are four accredited standards development organizations (SDOs) in Canada:

1) Underwriters' Laboratories of Canada (ULC)
2) The Canadian General Standards Board (CGSB)
3) The Bureau de Normalisation du Québec (BNQ) (Bureau of Standards of Quebec)
4) Standards Council of Canada (SCC)

Each of these organizations develops standards through committees representing various interests. SDOs may submit standards to the Standards Council of Canada (SCC) to be recognized as National Standards of Canada. SDOs can also develop standards-related documents such as codes and guidelines (non-mandatory guidance and information documents).

Depending on the product, the Canadian Standards Association specifies requirements for processes involved in the construction of electrical optical devices, including welding, wiring, and safety standards.

Thanks to the North American Free Trade Agreement (NAFTA), American made products enter Canada almost entirely duty free. NAFTA came into force on January 1, 1994 and replaced the U.S.-Canada Free Trade Agreement that was implemented in 1989. The phase-out of tariffs between Canada and the United States was completed on January 1, 1998; except for tariff-rate quotas (TRQ) that Canada retains on certain supply managed agricultural products. Canada still maintains some non-tariff barriers of concern at both the federal and provincial levels, impeding access to the Canadian market for U.S. goods and services. However, recent studies show that 99 percent of all trade passes across the border without incident or without controversial trade restrictions. Many Canadian standards are harmonized with U.S. standards.

However, doing business in Canada is not exactly the same as in the United States, and U.S. companies should be aware of the differences. Customs documentation, bilingual labeling and packaging requirements and Canadian federal and provincial sales tax accounting may seem onerous at first compared to domestic shipments, but with a little experience most exporters find they can master the requirements. There are also many international trade professionals such as customs brokers, freight forwarders and consultants, who can, for a fee, handle much of the research and paperwork for smaller exporters without international sales departments.

The key to achieving market penetration for export sales to Canada is making the transaction resemble as much as possible a Canadian domestic transaction for the Canadian customer. One good way to do that is for the U.S. exporter to become a non-resident importer and take the entire importing burden off the shoulders of the Canadian importer. A customs broker can be of assistance in this process.

The official languages in Canada are English and French. Outside of Quebec, English is the main business language. Quebec uses the Quebecois dialect of French and thus promotion and packaging should reflect local needs and language requirements.

Unlike the US, Canada uses the metric system for trade and it must be displayed on most goods. However, most Canadians are familiar with the imperial system.

Trade Events

It may be beneficial for sales promotion to participate in specialized trade shows in the field of solid waste disposal equipment. These events provide opportunities to display equipment and conduct networking and are thus an effective tool for marketing one's products and services to Canadian businesses.

The following present excellent opportunities for US companies:

Canadian Waste & Recycling Expo: The Canadian Waste and Recycling Exhibition in Vancouver, British Columbia. October 28 and 29, 2009.

CANECT 2010: The 2010 Canadian Environmental Conference and Tradeshow (CANECT 2009) in Toronto, Ontario, Tentative dates: May 3-5, 2010.

Americana 2010: The Americana 2010 International Trade Show in Montreal, Quebec. Date to be determined.

Globe 2010: Globe 2010 in Vancouver, British Columbia. March 24-26, 2010.

Resources & Contacts

Canadian Standards Association
Statistics Canada
Underwriters' Laboratories of Canada (ULC)
The Canadian General Standards Board (CGSB)
The Bureau de Normalisation du Québec (BNQ)

Standards Council of Canada (SCC)
MERX – Canadian Federal Government's tender for bid website
Powersourcing
Solid Waste & Recycling Magazine – Bi-Monthly Waste & Recycling magazine
Ontario Waste Management Association.
Canadian Association of Recycling Industries

BCEIA – British Columbia Environmental Industry Association
ESAA – Environmental Services Association of Alberta
SEMA – Saskatchewan Environmental Managers Association
MEIA – Manitoba Environmental Industries Association
ONEIA – Ontario Environment Industry Association
Reseau Environnement – Quebec-based Environment Industry Association (French)
Export Environnement – Quebec-based Organization which organizes environmental exhibitions (French)
NBEIA – New Brunswick Environment Industry Association
ESANS – Environment Service Association of Nova Scotia
NEIA – Newfoundland Environment Industry Association

For More Information

The U.S. Commercial Service in Vancouver, Canada can be contacted via e-mail at: Cheryl.Schell@mail.doc.gov; Phone: 604-685-3382; Fax: 604-687-6095 or visit our website: http://www.buyusa.gov/home.

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Comments and Suggestions: We welcome your comments and suggestions regarding this market research. You can e-mail us your comments/suggestions to: **Customer.Care@mail.doc.gov**. Please include the name of the applicable market research in your e-mail. We greatly appreciate your feedback.